



20 July 2007

Julian Majdanski
Joint Office of Gas Transporters
51 Homer Road
Solihull
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Dear Julian

**BG Gas Services Limited Response to Code Modification Proposals 156 and 156A
"Transfer and Trading of Capacity between ASEPs."**

BG Gas Services Limited ("BG") supports both Modification Proposals as a means of seeing how transfer and trade of capacity between ASEPs could work in practice. However this support is conditional on there being a full review of trade and transfer arrangements, and their relationship to the wider entry capacity regime, being undertaken before any enduring solution is agreed. BG's support only extends to the Proposals in so far as they apply to the period October 2007 to March 2008 inclusive.

BG believes that both Proposals represent improvements on previous proposals, and BG's preference is for Proposal 156A. However BG continues to have concerns as to how the entry capacity regime is being fundamentally changed in such a short time, and the impact this is having on bidding behaviour in auctions. It is for this reason that BG favours a thorough review of entry capacity arrangements prior to an enduring solution being put in place.

Yours sincerely,

Alex Barnes
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